

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
SP-02 NSC-05 ITC-01 TRSE-00 /057 W
-----116851 162138Z /61
R 162000Z MAY 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 2299

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 4476

E.O. 11652: NA
TAGS: EAIR, VE
SUBJECT: CIVAIR- BILATERAL CONSULTATIONS

REF: (A) STATE 121425; (B) STATE 117938; (C) CARACAS 4243;
(D) CARACAS 3598; (E) CARACAS 3216

1. AS BACKGROUND AND PREPARATION FOR THE UPCOMING CIVAIR BILATERAL CONSULTATIONS, THE FOLLOWING IS OUR ANALYSIS OF HOW THE VENEZUELANS SEE THE CURRENT ISSUES. WE SUBMIT THIS BECAUSE WE BELIEVE IT IMPORTANT THAT OUR SIDE UNDERSTAND HOW THE VENEZUELANS FEEL AND THE DIFFERENT PERCEPTIONS THEY HAVE:

2. THE VENEZUELAN DELEGATION WILL COME TO THE BILATERAL MEETING IN A GUARDED, ALMOST SUSPICIOUS FRAME OF MIND, AGGRAVATED BY WHAT THEY CONSIDER TO BE SEVERAL BREACHES OF THE BILATERAL WITHOUT SATISFACTORY REPLIES FROM USG AND BY PANAM'S RECENT CHANGE OF ITINERARY, IN THEIR MIND AN OPEN VIOLATION OF THE AGREEMENT.

3. THE POINTS OF FRICTION, INTERPRETED FROM THE VIEWPOINT OF THE VENEZUELANS, ARE THE FOLLOWING:

(A) NEW BAGGAGE RULE. VENEZUELANS CONSIDER THIS A TARIFF
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MATTER WHICH SHOULD HAVE BEEN HANDLED ACCORDING TO SECTION VI OF BILATERAL. GOV DID PROTEST BUT NEVER RECEIVED A REPLY.

(B) IATA RATE PACKAGE. VIASA'S FILING WAS NOT CONSIDERED BY CAB, SEVERAL INQUIRIES UP TO THE PROTOCOL LEVEL OF DIPLOMATIC NOTE HAVE REMAINED UNANSWERED. FURTHER

INQUIRIES REGARDING USG POLICIES IN REGARD TO TARIFF FILINGS
HAVE NOT BEEN REPLIED TO.

(C) MARCH WASHINGTON TALKS. VENEZUELANS CLAIM TO HAVE BEEN
TOLD THAT USG INTENDS TO DISREGARD IATA RATE MAKING
MECHANISM. THEY FURTHER CLAIM TO HAVE BEEN TOLD THAT
USG ODES NOT INTEND TO ABIDE BY THE BILATERAL AS FAR
AS THE RATE MAKING MECHANISM OR INTER-GOVERNMENT CONSULTING
AND PROTEST MECHANISM ARE CONCERNED. WASHINGTON TALKS
APPARENTLY FAILED TO OFFER AN ALTERNATE SYSTEM OF GOVERNMENT-
TO-GOVERNMENT CONSULTING MECHANISM.

(D) PANAM SUSPENDED B707 FLIGHT CARACAS-BUENOS AIRES AND
SUBSTITUTED THIS SERVICE WITH TWO B747 FLIGHTS CARACAS-
RIO-BUENOS AIRES. VENEZUELANS ARE HOLDING TO THE SPECIFICS
OF THE AGREEMENT, AND FREQUENCIES AND EQUIPMENT WHICH
HAVE BEEN SPECIFICALLY LISTED CALL FOR ONE 707 RATHER THAN
TWO 747S. THEY THUS CONSIDER THE NEW SERVICE A THREE-FOLD
INCREASE OF CARACAS-BUENOS AIRES SERVICE (TWO B747S EQUAL
FOUR B707S, ONE 707 SUSPENDED LEAVES THE EQUIVALENT OF THREE (707S).
THE PANAM MANAGER HERE HAS ESTIMATED FROM RECENT
PASSENGER PATTERNS THAT SOME 30-40 SEATS ON TO BUENOS AIRES
WOULD BE AVAILABLE ON EACH OF THE 747S. THIS IS A MOOT
POINT SINCE PANAM THEORETICALLY CAN BLOCK OFF ANY NUMBER OF
SEATS AND IN FACT HAS SOLD A LARGE NUMBER OF SEATS ON UPCOMING
FLIGHTS FOR THE SOCCER MATCHES IN BUENOS AIRES.
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4. WE THINK THE VENEZUELANS WILL ATTEMPT TO OBTAIN THE FOLLOWING:

(A) RE-FORMULATION OF SECTION VI OF THE BILATERAL TO TAKE INTO
ACCOUNT NEW USG POLICIES. VENEZUELA FEELS THAT SOME TYPE OF
GOVERNMENT-TO-GOVERNMENT MECHANISM MUST EXIST TO
PROVIDE FOR ORDERLY HANDLING OF TARIFF MATTERS. SINCE
THEY ARE CONFUSED AS TO OUR INTENTIONS IN THIS RESPECT,
IT IS DOUBTFUL THAT THEY WILL SUGGEST A FORMULATION BUT
RATHER THEY EXPECT A DRAFT FROM US AND EXPECT TO NEGOTIATE FROM
THERE.

(B) BRIEFING ON OUR NEW POLICIES OF MORE FLEXIBLE COMPETITION
AND RATE STRUCTURE. IT IS DOUBTED THAT VENEZUELAN DELEGATION
WILL ATTEMPT TO CHANGE OUR MIND, BUT PROBABLY WILL
ASK VERY DETAILED QUESTIONS LEADING TO ANSWERS
WHICH WILL MAKE IT CLEAR IN THEIR MINDS HOW THESE NEW POLICIES
WILL AFFECT THEM OR VIASA'S COMPETITIVE POSITION. IT IS
HOPED THAT THIS PHASE WILL NOT LEAD TO HEATED DISCUSSIONS,
SINCE IT IS POSSIBLE THAT VENEZUELANS WILL THREATEN DENUNCIATION
OF BILATERAL IF THEY FEEL THAT OUR NEW POLICIES ARE INCOMPATIBLE
WITH ITS STIPULATIONS. THE QUESTION OF MULTIPLE DESIGNATION

MIGHT BE BROUGHT UP AND WE MIGHT BE SERVED NOTICE THAT GOV WILL
REFUSE DESIGNATION OF ANY ADDITIONAL CARRIERS ON US-VENEZUELAN
ROUTES.

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 2300

LIMITED OFFICIAL USE SECTION 2 OF 2 CARACAS 4476

(C) PANAM'S BUENOS AIRES FLIGHTS: VENEZUELAN'S WILL INSIST
ON STRICT ADHERENCE TO THE TECHNICAL COMMITTEE AGREEMENT
OR REQUEST RENEGOTIATION AT SAME LEVEL. (PRIVATELY, GOV
OFFICIALS HAVE INDICATED TO US THAT A SATISFACTORY NEW PATTERN
OF SOUTHBOUND SERVICE COULD BE WORKED OUT IF THE PARTIES COULD
TALK ABOUT IS).

5. AT THIS MOMENT, EMBASSY IS UNAWARE OF ANY OTHER POINTS OF
UNHAPPINESS OR DESIRE WHICH THE VENEZUELAN DELEGATION MIGHT
BRING UP. HOWEVER, IN VIEW OF THE VENEZUELAN'S FRAME OF
MIND WE SHOULD TRY TO BE FORTHCOMING IF ANY NEW SUGGESTIONS
ARE MADE. POSTPONEMENT OF DETAILED DISCUSSIONS WILL NOT BE
TAKEN AMISS IF THIS SHOULD BE REQUIRED.

6. IT IS FELT THAT THE VENEZUELAN'S WILL ATTEMPT TO BE OPEN
AND FRIENDLY. TEMPER'S HAVE COOLED DOWN AND APART FROM THE
PANAM MATTER WHICH THEY BELIEVE WAS AN ATTEMPT TO "SLIP ONE
OVER", THEY APPEAR TO ASSUME THAT OTHER PROBLEMS HAVE BEEN
CAUSED BY NEW PEOPLE IN CAB AND DEPT. OF STATE, BY A DRASTIC
CHANGE IN POLICIES AND BY A LACK OF UNDERSTANDING OF THE
PREVIOUSLY VERY GOOD CIVIL AVIATION RELATIONS. VENEZUELAN'S
APPARENTLY WISH TO HOLD TALKS IN THE FORM OF A DISCUSSION
OF MISUNDERSTANDINGS AMONGST FRIENDS MORE THAN IN THE FORM
OF FORMAL NEGOTIATIONS AND MORE IN THE WAY OF FINDING
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MUTUALLY ACCEPTABLE SOLUTIONS TO PROBLEMS THAN OF ONE SIDE
FORCING THE OTHER SIDE TO ACCEPT UNPALATABLE ISSUES.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, INTELLIGENCE ASSESSMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA04476
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780207-0041
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780556/aaaabuwp.tel
Line Count: 177
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2856c19c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 121425, 78 STATE 117938, 78 CARACAS 4243, 78 CARACAS 3598, 78 CARACAS 3216
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2682264
Secure: OPEN
Status: NATIVE
Subject: CIVAIR- BILATERAL CONSULTATIONS
TAGS: EAIR, PINR, VE, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2856c19c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014